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ILLINOIS HISTORICAL SURVEY

14

WISCONSIN MEETS THE GREAT DEPRESSION

James I. Clark

The State Historical Society of Wisconsin

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by

James I. Clark

Picture pages 14 and 15 Milwaukee *Journal* photos

The State Historical Society of Wisconsin

Madison, 1956

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Wisconsin Meets the Great Depression

by

JAMES I. CLARK

ON THE LAST DAY of March 1933, a middle-aged stone mason from Darien, Wisconsin walked into the Elkhorn bank to see the town supervisor. The man wanted a job. The supervisor told him the county would soon hire men to crush rock at a dollar a day. Walking out into the street, the disgusted stone mason picked up a rock and shied it through the bank's plate glass window. He was arrested and taken to jail. He said he had been jobless for two years. He had four children.[1]

The country was then in its fourth year of depression. Hundreds of millions of local, state and federal dollars had been poured out to provide jobs or some other form of relief for the unemployed. In 1932 over $20 million had been spent in Wisconsin alone, a three-fold increase over the year before. Still the depression wore on; jobless ranks got more and more recruits. Estimates varied, but in March 1933 there were anywhere from 13 to 16 million unemployed. Close to 200,000 of them lived in Wisconsin.

The Background

The nation had ridden high on a post-war boom. Most people were certain that good times would go on forever. Stock prices continued to climb. Many people bet they would go even higher and bought heavily, too many more or less on credit. There were slight recessions in 1924 and 1927, but business had come back stronger than ever.

After Labor Day, 1929, stocks started downward and didn't turn back. In October, confidence finally fled the market place and prices went way down as millions of shares were frantically sold. Before the deluge ended, 30 billion dollars in paper wealth had been wiped out. Good times had come to an end.

Then men could recognize some of the signs that had foretold depression. Not every one had shared in prosperity. New machines and processes, plus greater efficiency, enabled industry to increase production while employing fewer men. Many factories closed. Some men out of work found jobs in service industries or in construction. But the building boom crested in 1928, a year when $900 million went into residential housing. That source of employment tended to dry up a little. At the same time, it was becoming more difficult to find markets for industrial goods. The foreign market, propped up by loans from banks and investment houses in

ASHLAND DAILY PRESS

FIFTY-SEVENTH YEAR — ASSOCIATED PRESS LEASED WIRE SERVICE — ASHLAND, WISCONSIN, THURSDAY, OCTOBER 24, 1929 — SIXTEEN PAGES TODAY

52 ON FERRY BELIEVED LOST

CHEQUAMEGON

Paved Roads, Organization, Subject Tonight

BIG MEETING SCHEDULED FOR CITY HALL

Auto Association Officials Will Speak At Meet Tonight

EXTRA

BILLIONS WIPED OUT AS STOCKS KEEP SLIDING

FIFTY MILLION EXPLOSION IN HOLLYWOOD

HOLLYWOOD, Calif., Oct. 24 AP — An explosion and fire destroyed the laboratory of the Film Industries here early today.

FATE OF 118 ON SHIPS IS UNCERTAIN

CHICAGO, Oct. 24 AP—The region of the Great Lakes, storm-scarred and wind whipped, today revealed its losses in men and money.

CAR PUSHED FROM PATH OF HOOVER TRAIN

LOUISVILLE, Ky., Oct. 24. (AP) — An alleged attempt to wreck President

FIND WRECKAGE BUT NO TRACE OF MEN ABOARD

Ferry Carried 27 Box Cars As It Started Into Storm On Trip

LUDINGTON, Mich., Oct. 24 AP — The Pere Marquette railway ... stables here at 12:45 p. m. today picked up a message from the ... motor ship Chemung, ... stating

GREEN BAY PRESS-GAZETTE

FINAL EDITION

ASSOCIATED PRESS UNITED PRESS — 22 PAGES — GREEN BAY, WIS. TUESDAY EVENING, OCTOBER 29, 1929. — PRICE 3 CENTS — PRESS PRESS ESTABLISHED IN MAY, 1915. GAZETTE ESTABLISHED FEB. 1, 1855.

LAKE SHIP SINKS; 67 SAVED

TARIFF ACT IS FACING TIE UP BY OLD GUARD

G. O. P. Regulars Pulling Every String to Get Whip-Hand.

DAVID LAWRENCE

City's Assessed Valuation Is $58,329,400

THIS IS GAIN OF $6,871,310 OVER '28 TOTAL

Greatest Increase Shown In Residence Proper-

All Wall St. Records Broken

TAKEN BY DEATH

ANOTHER CRASH BRINGS ABOUT FRESH PANIC

Bank Failures Seen By Sen. Brookhart If Drop On Wall St. Continues

WASHINGTON—(A. P.)—Senator Brookhart, Rep., Iowa, predicted today that if the severe decline of stock prices in Wall street continued, "banks all over the country would go

CAREER AT END

9 KNOWN DEAD AND 4 ARE O... MISSING LI...

Steamer Wisconsin Founders Off Kewaunee In Gale This A. M.

Wisconsin papers report the crash

the United States, was becoming less certain by the end of the 1920s. Millions of people enjoyed a higher standard of living during the decade and bought new homes, automobiles and the latest electrical appliances. Many had gone into debt to have those things. It was hard to make payments when unemployment struck and income dropped.

Wisconsin industrial problems were similar to those in other states. Greater efficiency made it possible to turn out products valued at $300 million more than in 1920, yet less than a thousand additional workers were needed. Many Wisconsin factories were closed by consolidation or inability to meet competition. Most of the state's 300,000 increase in population lived in cities. Although some of them, when forced out of work by a plant shutdown or new machinery could go into other work, others could not and had to go on relief.

Advances in science and machinery affected farmers, too. Tractors and other implements, better seeds and improved fertilizers aided in producing more than the nation could eat. Competition from other countries with farm produce to sell made it harder to find foreign markets. Increased tariff rates in 1930 didn't help much either. Farm prices kept going down, but prices the farmer had to pay for things didn't

decline much. Neither did payments on the mortgages he had obtained to buy more land to produce more food during the war. This affected industry too, for the farmer with less income no longer furnished as good a market for manufactured goods.

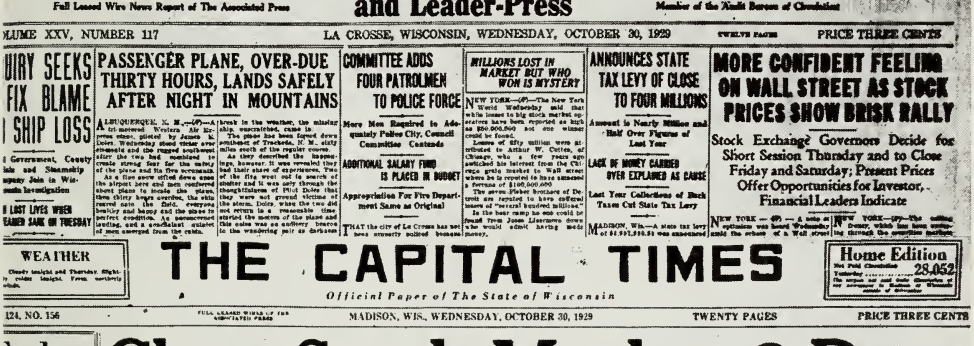
Although with dairying and diversified crops the Wisconsin farmer was a little better off than others in the country, he had his troubles too. During World War I, Wisconsin farm prices were more than double what they had been between 1910 and 1914. By 1921 they were almost back to pre-war levels. They rose a little during the 1920s, but not enough to keep the farmer ahead of industrial prices. By 1930 there were about 21,000 fewer people making a living from Wisconsin agriculture than there had been ten years before.

Farmers in Wisconsin's northern counties had a particularly hard time. Those on marginal land could scarcely compete with surpluses coming each year from the best acreage in the country. Many on cut-over lands closed up and got off the farm. During the 1920s support for putting the land to other uses—forests for example—grew stronger.[2]

The Depression Begins

The crash in October 1929 thus brought to a dramatic end a boom that had been running out of steam. At first many newspaper editors and others who spoke for publication said that stock market conditions had no

End of the month report



WEATHER

The La Crosse Tribune

and Leader-Press

HOME EDITION

Full Leased Wire News Report of The Associated Press

Member of the Audit Bureau of Circulations

VOLUME XXV, NUMBER 117 — LA CROSSE, WISCONSIN, WEDNESDAY, OCTOBER 30, 1929 — TWELVE PAGES — PRICE THREE CENTS

DIRY SEEKS FIX BLAME I SHIP LOSS

Government, County ials and Steamship mpany Join in Wisconsin Investigation

LOST LIVES WHEN EAMER SANK ON TUESDAY

PASSENGER PLANE, OVER-DUE THIRTY HOURS, LANDS SAFELY AFTER NIGHT IN MOUNTAINS

ALBUQUERQUE, N. M.—(AP)—A break in the weather, the missing ship, unreached, came in.

The plane has been turned down southeast of Truchas, N. M., sixty miles south of the regular course.

As they described the happenings, however, it was revealed they had their share of experiences. Two of the fliers went out in search of shelter and it was only through the thoughtfulness of Pilot Doles that they were not ground victims of the storm. Doles, when the two did not return in a reasonable time started the motors of the plane and this noise was an auditory beacon to the wandering pair as darkness

COMMITTEE ADDS FOUR PATROLMEN TO POLICE FORCE

More Men Required to Adequately Police City, Council Committee Contends

ADDITIONAL SALARY FUND IS PLACED IN BUDGET

Appropriation For Fire Department Same as Original

THAT the city of La Crosse has not been severely policed because

MILLIONS LOST IN MARKET BUT WHO WON IS MYSTERY

NEW YORK—(AP)—The New York World Wednesday said that while losses to big stock market operators have been reported as high as $50,000,000 and one million could be found.

Losses of fifty million were attributed to Arthur W. Cutten, of Chicago, who a few years ago switched his interest from the Chicago grain market to Wall street where he is reported to have amassed a fortune of $100,000,000.

The seven Fisher brothers of Detroit are reputed to have suffered losses of "several hundred millions."

In the bear camp no one could be found from Jesse Livermore down he would admit having made money.

ANNOUNCES STATE TAX LEVY OF CLOSE TO FOUR MILLIONS

Amount is Nearly Million and Half Over Figures of Last Year

LACK OF MONEY GARNER OVER EXPLAINED AS CAUSE

Last Year Collections of Back Taxes Cut State Tax Levy

MADISON, Wis.—A state tax levy of $4,997,316.53 was announced

MORE CONFIDENT FEELING ON WALL STREET AS STOCK PRICES SHOW BRISK RALLY

Stock Exchange Governors Decide for Short Session Thursday and to Close Friday and Saturday; Present Prices Offer Opportunities for Investor, Financial Leaders Indicate

NEW YORK — (AP) — A note of optimism was heard Wednesday amid the echoes of a Wall street

NEW YORK—(AP)—The selling frenzy, which has been unprecedented in the history of the New York Stock Exchange, gave way to a buying orgy Wednesday as the market staged a sensational rally.

WEATHER

THE CAPITAL TIMES

Official Paper of The State of Wisconsin

Home Edition

Net Paid Circulation Tuesday 28,052

VOL. 124, NO. 156 — FULL LEASED WIRES OF THE ASSOCIATED PRESS — MADISON, WIS., WEDNESDAY, OCTOBER 30, 1929 — TWENTY PAGES — PRICE THREE CENTS

'oday

Street Again. All Sorrowful. magination. smith Asks a Ques- on.

By Arthur Brisbane

Close Stock Market 2 Days

1930 State Tax is Boosted Over $1,500,000

$3,997,980 To Be Levied Next Year

Assessed Valuation for 1929 is Set at $5,- 975,952,415

GOV. KOHLER IN STATEMENT TODAY

Waved Goodbye as Ship Sank

Uphold Veto of Mayor on Fire Truck

Fail in Move to Probe His 'High Pressure Salesmanship' Charge

SCHMEDEMAN IS SUSTAINED 8 TO 8

H. M. Warner Co. is Not Accepting New Orders

Employes Work All Night To Straighten Out Day's Sales

Clerks Are Exhausted By Turmoil

Governors' Board Orders Exchange Shut Friday and Saturday

MARKET IS UP $5 TO $30 TODAY;

Rally Sets in as Selling Frenzy Passes; Trading Again Huge

5

connection with the soundness of business. They said, in effect, that the only losers were those who had gambled in stocks. Prosperity would continue, they thought, and be even greater than before. Events soon proved them wrong. Before long, many communities felt the effects of trouble on Wall Street.

As Wisconsin factories slowed down or closed, as public and private building slackened, more and more people were out of work and needing help. January 1930 "was the 'heaviest' month for relief and other aids given Madison's needy in the history of social service agencies," according to a local paper.

Things were due to get worse. Those who remained at work would have their pay and hours cut, teachers and other public servants would have to wait—sometimes for months—for paychecks. Relief rolls would grow longer.

Unemployment increases in Wisconsin varied from industry to industry. Employment in the metal industries and construction trades declined more rapidly than in others. By the winter of 1930, thirty per cent of the metal workers in the state were out of jobs. Total private building in 1930 was scarcely half the $4.9 million spent during the preceding year.

By the summer after the crash, only half as many were working in auto plants in the southeastern part of the state as had been in August 1929. The numbers employed in the light and power industry, wholesale trade, and the hotel and restaurant business gradually declined.

On the other hand, the printing and paper industries held up better. Paper workers didn't start being laid off until the depression was a year old. By 1932 the labor force was about 12% lower than it had been three years before, although many mills were on shorter hours. Wisconsin manufacturers of tissue products, newsprint and book papers had a fairly steady market. The paper box branch of the industry fell off more —a little over one-fifth of the workers were idle by the end of 1929.

Business done by other Wisconsin industries, such as canning, milk processing, flour milling, baking and candy making declined. Yet on the whole these did not go down as much nor as rapidly as some of the others.[3]

Local Relief Action

In mid-1930 federal census takers found about 3.1 million in the nation unemployed, although labor leaders disagreed with the method of counting and said there were more than that. In Wisconsin, a check of 19 communities showed a total of nearly 9,000 without work.

Local units of government—counties, townships, villages and cities—had the immediate responsibility for aiding the jobless and their families. The Salvation Army, church groups, and other charitable organizations also provided food and rent checks, or orders for groceries, clothing and the like. All local agencies soon found their resources badly strained.

In Sheboygan, for example, all private relief work was done by the Welfare Bureau, which received $7,500 in 1930, an increase of $2,000 over the year before. An additional $20,000 was raised during the winter. Yet by May 1931, "private funds were practically exhausted, which

made it necessary for the city Poor Department to assume the care of more and more of the unemployed."

Winter was particularly productive in turning up people needing relief. In Douglas County, where the Lake Superior Mission maintained a hotel for homeless men, during the 1930-31 winter free lodging increased 742%, free meals 2948%.

In December 1930, after much argument about whether or not it was enough to meet the emergency, Congress appropriated $116 million to the states. Wisconsin got $2 million of that. The money was to be used for highways, rivers and harbors, and public construction work.

One senator among others who kept insisting that was far from enough was Robert M. La Follette, Jr. "Young Bob" had been elected to Congress from Wisconsin upon the death of his father in 1925. He took his own survey of unemployment. Again and again he pointed to the growing number of jobless—late in 1930 estimated at around 7 million—as proof that more federal money had to be used for direct relief. However, the majority in Congress and President Hoover too, thought the local units could handle the problem of caring for the needy, and didn't want what they considered a "dole" from Washington.

In addition to handing out relief checks, many counties and communities in Wisconsin, as elsewhere, swung into "make-work" programs. Over $2 million was set aside for such projects in 1930 and the following year.

Beloit began a $50,000 sewer program. Oshkosh spent $55,000 reclaiming and extending its shore line. Mil-

Robert M. La Follette, Jr.

waukee used $600,000 for community improvement projects.[4] In November 1930 a Madison newspaper reported that

> nearly 100 men, many in inadequate clothing, shivered in a temperature of 39 degrees as they awaited the opening of a city registration booth that is listing Madison's army of unemployed married men, preparatory to inauguration of a special city improvement program designed to relieve the desperate situation of many families here.
>
> By 8 o'clock, when the first names were taken, the queue had grown to 300 persons and, as the first applicants went away . . . others took their places.

Relief in Other Depressions

Thus Wisconsin communities followed time-honored methods of helping their needy unemployed. The problem in the early 'thirties was to prove far more difficult and persistent than in any previous depression.

During the hard times in the 1890s, private citizens in Boston raised over $136,000 to provide work for about 7,000 jobless people. Most of it was short-term city improvement labor, and paid 80¢ per day. Large sums were spent in Chicago for similar relief.

In the 1914–15 depression, the Salvation Army, YMCA, and like organizations put some 5,000 men and women to work at 50¢ a day. Those people rolled bandages, made and repaired furniture, shoes and clothing. The city of Minneapolis at that time gave relief with logging projects which employed a few hundred men for a few weeks. Other cities carried on similar programs.

Most of these projects suffered from inadequate funds and the inability to provide work for more than a few days or weeks at one time. In depressions previous to 1930 there had been some clamor for federal government participation in work relief, although it didn't get far. When Jacob S. Coxey marched his "army" of unemployed from Ohio to Washington in 1894, he tried (unsuccessfully) to get the government to help put men to work.

After World War I, the national government did move a little way in that direction. During the 1921 depression, when about 4 million were out of work, President Harding called a special Conference on Unemployment. Out of that came recommendations for the expansion of municipal, state and federal spending for schools, streets, roads and public buildings to make jobs available. Many cities, like Detroit, Philadelphia, and others got such projects under way. There was a large building backlog left from wartime, when little had gone on. Private industry provided jobs for many as the country rapidly pulled out of that brief depression.[5]

Walter Jodak Kohler

State Action

The biggest depression to date was not very old however, before people realized that something would have to be done on at least the state level to help counties and communities. First action by the Wisconsin state government came in the spring of 1930, when Governor Walter J. Kohler called for a special Citizen's Committee on Employment.

The committee was composed of state officials, businessmen, industrialists and labor leaders. It met in Madison and in August made some recommendations for handling the unemployment problem in Wisconsin.

The committee urged employers to maintain pre-depression wage levels, avoid lay-offs, cut working hours and eliminate overtime. It suggested that cities and counties increase relief budgets, use care in spending relief money, and get public works started. A Bureau of Unemployment Research was to study the problem and make further suggestions to local governmental units.

Some industries, as far as they could, followed the committee's recommendations. Others did not. Cities and counties, while cutting taxes and as many expenses as they could, stepped up their relief and public works programs.[6]

Yet recommendations and study in themselves were not enough. In November 1930 Wisconsin voters elected to the governorship a man who was committed to doing more.

At age 33, Philip F. La Follette became Wisconsin's youngest governor. Younger son of "Old Bob," he was a newcomer to state politics. At that time a Progressive Republican, Phil La Follette had graduated from the University of Wisconsin in 1919 and took his law degree there three years later. He then served two terms as Dane County District Attorney, as his father had before him. After that he carried on a private law practice and taught at the University Law School. In the fall of 1930 he successfully challenged Governor Kohler for the Republican nomination. In the general election he polled 200,000 more votes than his Democratic opponent.

When he addressed the legislature in January 1931, Governor La Follette asked for money to eliminate dangerous railroad crossings in the state. The project would help reduce the auto accident rate, and provide work for many of Wisconsin's unemployed. Money would come from an additional 2¢ gasoline tax.

The idea of putting men to work eliminating railroad grade crossings had been discussed before. There had been many car-train accidents over the years. In 1929 alone, over 2,400 people had been killed in such accidents in the United States, 8% of the total 31,000 traffic deaths that year. In one five day period toward the end of December 1930, train-car collisions had killed 16 people in Wisconsin.

During the fall of 1930, the Madison *Wisconsin State Journal* carried many editorials stressing the need for grade crossing safety measures. It suggested that changing to under- or overpasses would make driving safer and would put needy men to work. United States Secretary of Commerce Lamont and the American Highway Builders Association favored such projects on a nationwide basis.

Shortly after his election, Governor La Follette met railroad officials to form a plan for crossing work. The state and railroad companies would pay for the projects which the governor figured would provide 10,000 jobs.

The legislature passed the bill in March 1931. During that year and the next about 7,500 men found employment. They worked two six hour shifts per day, with some overtime, at 40¢ per hour. At a cost of about $6.3 million to the state some seventy grade crossings were eliminated. This was the first Wisconsin instance in which the state directly

Phillip F. La Follette

provided work for the unemployed. Further to help local governments combat the depression, the 1931 legislature raised the income tax. That lightened local property tax burdens and helped rural areas particularly.

During this session a constitutional amendment allowing cities to go over their debt quotas to set up power plants was passed for the second time. The voters approved the amendment in 1932. The legislature also passed a labor code. This was about the same as the federal Norris-LaGuardia law of 1932. Labor organization and collective bargaining were promoted. The yellow dog contract (agreement not to join a labor union) was again outlawed. Peaceful assembly and picketing were permitted. The use of injunctions to break strikes was made more difficult and labor got the right to appeal injunctions to the courts.

More State Action

Even with state and local work programs there was still a need for money from other sources. Various fund-raising schemes were tried. One was the Big Ten charity football games in the fall of 1931. After the regular season, Big Ten teams played each other and divided the receipts among participating schools, to be used for poor relief. Although the University of Wisconsin team lost to Michigan, 16 to 0, the state received over $13,000 from the games. The money was used to help purchase 43,560 family assortments of garden seeds which were distributed to those on relief. It was estimated that thousands of dollars in grocery bills were saved in this way.

Convinced that more had to be done for relief on the state level, Governor La Follette called a special session of the legislature for late in 1931. Several important laws were passed.

Money was given to local governments on the basis of one dollar for each person listed in the 1930 census. An additional grant amounting to 25% of each community's relief expenditures for 1931 was made. A Free Fund of $250,000 was set up to help localities that needed more than the dollar per person and the 25% allotment. The Conservation Commission got $500,000 for fire lane construction that would put men to work in state forests. Altogether, about $8 million was appropriated. The money came from increased income taxes and a special license fee for chain stores.

One of the important laws to come out of that special session was unem-

La Follette campaigning at West Allis, September 1930

ployment compensation. Wisconsin was the first state to set up a system by which those out of work could draw unemployment benefits.

The law provided that employers would contribute a small percentage of their total payroll until the amount equalled $75 for each employe. The state would keep accounts and make payments when necessary.

A person laid off from work could apply for weekly payments amounting to a maximum of $10 per week, or 50% of his regular pay. He could get the money for 13 weeks. Teachers, certain public employes, farm workers and a few others were not covered by the law. If enough employers set up their own unemployment plans before a certain time, the law wouldn't go into effect on a compulsory basis. Some did, but not enough, and payments into the state fund began in 1934.

The first compensation check, for $15, was paid to Neils B. Rudd, an unemployed photo-engraver of Madison in August 1936. During the 1937–38 business recession, $9.5 million was paid out of the fund, which indicated its soundness and its value. Other states followed Wisconsin and the federal government eventually set up such a plan. The Wisconsin law has been amended a number of times, mainly to allow greater payments for a longer period.[8]

The unemployment compensation law was of course no help in relieving distress in 1932. Local communities continued to create jobs with public works projects, some with the aid of state money. Baraboo put in a water main. Beaver Dam graded a parking lot. Berlin and Oconto purchased woodlots so the needy could have fuel. Columbus started work on a new water purification system. Eau

UNIVERSITY OF ILLINOIS
LIBRARY

Grade separation, before . . .

Claire used hand labor to grade and widen streets. Menasha installed some ornamental street lights. Other communities set up similar make-work projects.

The federal government provided additional money for jobs in 1932. In July of that year the Reconstruction Finance Corporation, a government agency, made $300 million available to the states to help finance public works. Wisconsin received a little over $5 million from RFC at that time. These funds were not to replace state and local money however, as the agency made clear. They were to be supplemental only.

Yet local and private sources were about exhausted. Although RFC granted over $3 million more to Wisconsin for the first two months in 1933, local officials saw that much more would be needed. The State Industrial Commission pointed out that there would be "a decided drop in public employment" that year.

> Practically every county and city has slashed its budget which means of course more people thrown out of work. Also the state will probably not conduct as extensive employment programs, such as grade crossings and roads, as were undertaken during the year 1932.

More federal aid was to come. In November 1932 Wisconsin, along with 41 other states, decided to give the Democrats a chance to work on depression problems. Not only did the state go for Roosevelt, but Albert G. Schmedeman, three-time Madison mayor, led Democrats into state offices for the first time in 37 years.[9]

The Farm Picture

Before the federal government got deeply into the relief picture, however, there were a few problems that had to be settled on the state level.

People living in cities and villages were in trouble, but Wisconsin farm-

. . . and after

ers fared little better. Those with no mortgages to worry about could and did pretty much live off the land. Yet nearly 100,000 Wisconsin farms, many more than half, were mortgaged. With reduced incomes it was hard to make payments.

Mortgage foreclosures in the state were five times as frequent during 1932–33 as they had been in 1926. Families were forced out and farms sold at sheriffs' auctions. Some displaced rural people moved to cities and villages, and went on relief.

Sometimes farmers got together, as they did in other states, to prevent law officers from carrying out foreclosures. Others attended auctions and bid low, returning the possessions to their friends after the sales were over.

In January 1933 the legislature allowed judges to delay foreclosure proceedings and give farmers more time to pay. Three-member boards were set up in each county to try to get debtor-creditor agreements on more time or lower rates of payment. That helped some.

Farmers also helped themselves in other ways. During the latter part of 1932 there was considerable trouble over mortgages and low farm prices throughout the Middlewest. Farm Holiday Associations in various states tried to hold crops off the market to force prices up. They also cooperated in preventing foreclosures.

Farm Holiday got started in Wisconsin in September 1932, at Marshfield. At its peak the group claimed a membership of about 131,000 out of Wisconsin's 180,000 farmers, although it wasn't as effective as in some other states.

A somewhat more active organization was the Wisconsin Milk Pool, headed by Walter M. Singler of Shiocton. Organized in 1930, the Milk Pool had about 6,700 members. It was especially strong in the Fox river valley.

Strikers dumping milk along the railroad

Dairymen were as interested in higher prices as were any other farmers. At that time milk was bringing between 75¢ and 85¢ per hundred pounds at butter and cheese factories. Those who supplied cities with bottled milk—about 10% of Wisconsin dairy farmers—got $1.50 per hundred.

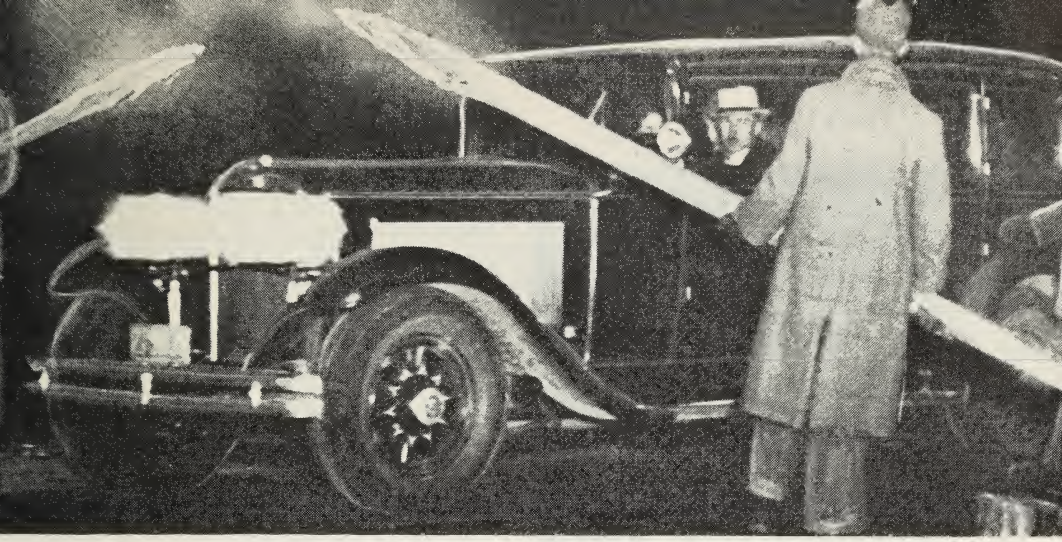
During the 1932–33 winter there was a lot of talk about a milk strike to force higher prices. In February the Pool announced a minimum price of $1.40. Too many farmers liked a little income better than none at all, however, and continued to sell their milk for what they could get. A strike began, but not all dairymen cooperated.

The Wisconsin Milk Pool, by persuasion and by dumping milk along highways and railroads, closed up many small cheese and butter factories in the Fox river valley. Log chains and barricades of boxes, along with masses of men, were not successful in preventing milk deliveries to cities, however. Non-strikers fought back with sheriffs and deputies who used tear gas, clubs and threats to break up crowds of strikers. On February 22, the strike ended.

Agitation did not. A price raise at condensaries to one dollar per hundred didn't quiet talk of another strike. Plans were made for a big one on May 12. This time the Wisconsin Farm Holiday group would help.

The promised support didn't come, but National Guardsmen did, called out to help local law officials. Noses were bloodied, a lot of milk was spilled, and tear and emetic gas were tossed back and forth between guardsmen and strikers near Appleton, Shawano, Mukwanago and Milwaukee. The whole affair cost around $170,000 in special law officer and National Guard expenses, to say nothing of the loss in milk. Prices stayed about the same.

This was not the end, however. In the fall of 1933 a game for keeps really began. Some cheese factories were blown up—one at Racine resulted in $34,000 worth of damage—and a farmer was shot and killed near Madison. That strike didn't run out of steam until November. The estimated loss was $10 million that time, and the price of milk still



Milk strikers barricading road with flaming logs

hadn't changed much. Milk Pool and other farmers had to wait for economic forces beyond their control to help them get higher prices for their products.[10]

The Bank Crisis

Early in 1933 problems other than low farm prices were brought before the public. On March 1, newspaper readers learned that

> since Tuesday night about 9 p.m. Germany has been in a state of seige. . . . The police have control and are reinforced by Hitler's storm battalions. The way, therefore, is free for the complete suppression of everything inimical to the Nazi regime and their nationalist allies.

A crisis nearer home attracted more attention.

Nearly every state in the nation had declared a bank holiday. Thousands of banks could do little more than make change. The financial system of the country was paralyzed.

Banking troubles had increased during the depression, but the prosperous 1920s had been pockmarked with failures. Nearly 7,000 banks had closed up during that decade, victims of lower farm income, high interest rates, and unwise lending. After the depression hit, failures steadily increased, thanks to withdrawals of deposits, more and more loans that didn't pay off, and the steady drop in value of mortgages and other investments. Early in 1933 panic began in earnest.

All over the country more and more banks went under, with resulting losses to depositors, uncertainty, fear of the future and general hardship on business. In Oshkosh for example, the Paine Thrift Bank closed on January 24. Next morning, people hurrying to the City National were greeted with locked doors. Worried crowds gathered in the streets, other city banks feared panic and a run on deposits.

At noon on the 25th, alarmed at the state of affairs, the mayor of Oshkosh issued a proclamation, "calling on all banks and business houses, not dealing in the necessities of life, to call a holiday for the remainder of the week." The mayor said that the proclamation "is made as a matter of policy to afford oppor-

Albert G. Schmedeman

tunity for the situation to quiet itself so that people will use their better judgment rather than snap judgment."

Those words had the desired effect. Confidence returned the next day and the emergency was over. No holiday was needed. Said the Oshkosh *Daily Northwestern* on the 26th:

> Today there was no crowd of excited customers at any of the banks here. Those who came in had legitimate business to transact, and tellers, who had worked with all speed possible yesterday to make a record of withdrawals, had "time on their hands" today.

The Oshkosh experience was repeated in other communities. Some, where business holidays lasted longer and many banks failed to reopen, were not so fortunate.

On March 3 Governor Schmedeman closed all Wisconsin banks. In Milwaukee during those pre-dial phone days,

> The Wisconsin Telephone Company was forced to put 300 extra telephone operators on duty . . . to handle a deluge of calls to banks and newspapers. Everybody wanted to know about the bank holiday. The telephone company handled 168,000 more calls than usual, sending the volume for the day up to 728,000.

Business about the state went on as best it could. Credit was extended, checks were taken to be cashed later, people managed to joke about it. Yet beneath the joking was deep uncertainty, fear of what might happen next.

On March 4 Franklin D. Roosevelt was inaugurated President and put the federal seal on a national bank holiday which already existed. Government officials then went into action to try to decide which banks were sound enough to reopen, which would have to wait, and which ones might not reopen at all. The question of whether to issue additional currency to banks or to print emergency scrip was also considered.

Milwaukee bankers printed $25 million in clearing house checks in order to carry on business in sound banks as soon as they reopened. On the national level it was decided to issue new currency and people worked overtime getting the money ready and shipped to Federal Reserve Banks. There it would be filtered to institutions doing business with them. By the 10th of March banks were reopening.

Many small communities were without ready currency to meet local demands. To help relieve that situation state officials got busy designing and printing $30 million worth of Wisconsin scrip.

The scrip, with imprints of the state capitol on both sides, was to be the same size as regular United States currency. One dollar bills were to be gray, the $5 canary, $10 blue and $20 orange. Machinery in a Wisconsin Rapids mill went into action on a Sunday to turn out the paper.

The money was printed in the same Milwaukee plant that turned out the clearing house checks. With a city police guard protecting the building, printers worked in three 8-hour shifts until the job was finished. With a National Guard convoy, armed with sidearms and machine guns, the scrip was then hurried to Madison. Only about $2 million worth of it actually got into circulation. When banking got back to normal those who held the paper redeemed it for United States currency.[11]

Direct Federal Aid

With federal help and regulation banking troubles were overcome, although in some communities people waited for months to get back deposits from banks that didn't reopen. Some got all their money back, others only a part of it. Some got nothing at all.

Soon after Roosevelt's inauguration, Congress swung into action to provide direct money grants to states. Wisconsin shared considerably in those benefits.

News of the Civilian Conservation Corps, for example, cheered residents of the northern counties. Said the Ashland *Daily Press* in March 1933:

> The projected 250,000 jobs which would be created by the "civilian conservation corps" unquestionably would have a direct bearing on this region due to the immense Moquah national forest tract upon which a large number of men could be profitably put to work.

To be eligible for CCC work, a man had to be 18 to 25 years old, unmarried, and a member of a family receiving public relief. Of his $30 a month pay, he had to send a large amount home to help support his family.

Wisconsin's quota was set at 6,000 men, although not all of those would work near home. In April 1933 the first 600 men from various Midwestern states moved into Wisconsin forests, to work on fire lanes, at clearing brush, setting up parks, planting seedlings and to do other conservation work. Vocational and other educational facilities were offered for off-duty hours.

Wisconsin communities also benefited from federal money spent through the Civil Works Administration. In one small village, local relief costs dropped dramatically after the CWA program started. Village poor expenditures for December through February, 1933–34 were just half the $2,100 they had been during the same four months a year before.

In November 1933 the village newspaper reported that $9,961 had been allotted for public works projects there. The money would be used for a swimming pool, an athletic field, street improvements and the village park. About a week later additional money was granted, to be used on those projects and for repair and redecoration of the city hall and the school. By then 65 men were employed. Pay was one dollar to $1.20 an hour for skilled labor, 40¢ to 50¢ for unskilled. The average pay was about $14 for a 30 hour week.

By the middle of December over 100 men were at work and the total wages paid up to then had been over $3,000. A welcome boost had been given local business. Reporting the news of another CWA grant that month, the weekly paper added, "And people say that there is no Santa Claus."

Federal works projects bailed out many communities. At the end of 1933 the *Wisconsin State Journal* announced that in

> five short weeks the Civil Works Administration cancelled most of Wisconsin unemployment with 156,000 jobs. By far the most dramatic of the recovery acts, possibly excepting the NRA, the CWA in Wisconsin built up near the year's end a $2,707,000 weekly payroll before Christmas, although the first man was not hired until November 20.

CWA was stopgap aid and ended in March 1934, after having spent $36 million and provided 166,000 jobs in Wisconsin. The Wisconsin Emergency Relief Administration took over to provide relief, receiving much money from the temporary Federal Emergency Relief Administration.

In 1935 a $4 billion works program was begun under WPA and many Wisconsin communities obtained money for sewer and water systems, public buildings, streets and other major projects. Between 1935 and 1939 from 35,000 to 84,000 Wisconsinites worked under the Works Projects Administration. Before the agency was ended in 1943, $369 million had been spent in the state.

Wisconsin farmers got help with mortgage problems from the Farm

Credit Administration and the Wisconsin Farm and Home Credit Administration, both established in 1933. Also in that year state farmers got federal money for seed grain and livestock feed to tide them over a continuing drought. Before June 1935 about 40,000 farmers had received over $8 million in drought relief. In exchange for that money they gave notes or promised to work on federal relief projects. The Agricultural Adjustment Act and the Soil Conservation and Domestic Allotment Act gave Wisconsin farmers additional income and provided education in soil conservation.[12]

After 1935

Much of the federal money that flowed into Wisconsin after 1933 was administered by members of a new political party. In November 1934 Phillip La Follette was returned to the governorship, this time as a Progressive, with no "Republican" after it. The Wisconsin Progressive Party had been formed in the spring of that year. Its leaders held state offices until unseated by Republicans under Julius P. Heil in 1938.

During Phil La Follette's second and third terms a number of laws were enacted to help ease farm and home debt burdens. Other forms of public assistance were provided. Sometimes the state imitated the federal government with such laws, sometimes it merely cooperated with higher authority.

In 1937 the Wisconsin Development Authority was created to promote cheaper production and distribution of heat, power and light, aiming at greater public control of such utilities. State powers under this "little TVA" law were somewhat reduced in later court decisions. Another such agency was the Wisconsin Agricultural Authority, set up to aid farmers in forming coperatives and to improve agricultural production in the state.

The position of labor unions was strengthened by the "Wisconsin Little Wagner Act" in 1937. This law concerned labor organization and prohibited company unions. A state board was set up to help settle labor disputes.

Much of the La Follette Progressive legislation, especially that which applied to public power and labor, was short-lived. Many of the laws were repealed after Governor Heil took office in January 1939.[13]

Grave problems of unemployment and distress had brought about a change in attitudes toward governmental responsibility. Before 1930 the job of caring for the needy fell mainly upon local units. Ten years later the federal government was well established as a primary agency for coping with depression problems. Washington thus assumed a far greater role in the lives of individuals than ever before in peacetime.

A lot of money was spent during the depression years to care for those in distress. State relief costs went from $2.5 million in 1928 to over $100 million ten years later. At least one-half million people at one time or another directly benefited from state and federal relief expenditures. Many communities had water systems, gymnasiums, parks and other examples of civic improvement that didn't exist before 1930.

The depression was not entirely over when the United States began to feed war materials to European countries, and then America too prepared for war. As industries provided jobs and the armed services took more and more men, unemployment and the need for public works faded. Yet memories of the depression decade would long linger in the minds of many people, who hoped those times would never come again.

NOTES

[1] Oshkosh *Daily Northwestern,* April 1, 1933.

[2] Broadus Mitchell, *Depression Decade* (New York, 1947), 3–52; Frederick Lewis Allen, *Since Yesterday* (New York, 1940), 1–22; Don D. Lescohier and Florence Peterson, *The Alleviation of Unemployment in Wisconsin* (Bureau of Unemployment Research Series, No. 1, Madison, 1931), 9–25; Walter H. Ebling, "Changes in Wisconsin Agriculture Since the Last Census," *Wisconsin Bluebook, 1933:*133–39. See also *Cutover Problems (Chronicles of Wisconsin* pamphlet series, No. 13, Madison, 1956).

[3] Lescohier and Peterson, *Alleviation of Unemployment,* 25–30.

[4] *Ibid.,* 54–89; Public Welfare Department, *General Relief in Wisconsin, 1848–1935* (Madison, 1939), 23–38; Madison *Capital Times,* December 30, 1930, January 9, 1931.

[5] John R. Commons, *et al, History of Labor in the United States* (4 vols., New York, 1935), 3:164–84.

[6] Lescohier and Peterson, *Alleviation of Unemployment,* 91–115.

[7] *National Cyclopedia of American Biography,* Vol. E (1937–38), 494–95; Madison *Wisconsin State Journal,* July 20, November 6, December 18, 19, 26, 1930; William F. Raney, *Wisconsin, A Story of Progress* (New York, 1940), 363, 494; *Laws of Wisconsin,* 1931, Chaps. 22, 376; Gordon M. Haferbecker, Wisconsin Labor Legislation. Unpublished PhD. thesis, University of Wisconsin, 1952, 423–24.

[8] Madison *Wisconsin State Journal,* November 16, 29, 1933; Haferbecker, Wisconsin Labor Legislation, 303–72; *Wisconsin Special Session Laws,* 1931–32, Chaps. 4, 20, 29, 108; Madison *Capital Times,* February 2, 1956.

[9] Industrial Commission of Wisconsin, *Unemployment Relief in Wisconsin,* 1932–1933 (Bureau of Unemployment Research Series, No. 4, Madison, 1933); Omro *Herald,* December 15, 1932.

[10] Herbert Jacobs, "The Wisconsin Milk Strikes," *Wisconsin Magazine of History,* 35:30–35 (Autumn, 1951).

[11] Milwaukee *Journal,* Madison *Wisconsin State Journal,* Oshkosh *Daily Northwestern,* March 1–10, 1933; "The Great Depression, 1929–1939," radio tape recording in Manuscript Section, State Historical Society of Wisconsin.

[12] Raney, *Wisconsin,* 496–507.

[13] *Ibid.,* 508–18.

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